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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE
APPLICATION OF ARIZONA-
AMERICAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR
INCREASES IN ITS RATES AND
CHARGES BASED THEREON FOR
UTILITY SERVICE BY ITS SUN CITY
WEST WATER AND WASTEWATER
DISTRICTS.

DOCKET NO. WS-01303A-02-0867

IN THE MATTER OF THE
APPLICATION OF ARIZONA-
AMERICAN WATER COMPANY, INC.,
AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR
INCREASES IN ITS RATES AND
CHARGES BASED THEREON FOR
UTILITY SERVICE BY ITS SUN CITY
WATER AND WASTEWATER
DISTRICTS.

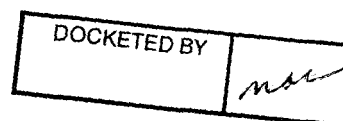
DOCKET NO. WS-01303A-02-0868

IN THE MATTER OF THE
APPLICATION OF ARIZONA-
AMERICAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR
INCREASES IN ITS RATES AND
CHARGES BASED THEREON FOR
UTILITY SERVICE BY ITS MOHAVE
WATER AND HAVASU WATER
DISTRICTS.

DOCKET NO. W-01303A-02-0869

Arizona Corporation Commission
DOCKETED

JUN 18 2003



1 IN THE MATTER OF THE
2 APPLICATION OF ARIZONA-
3 AMERICAN WATER COMPANY, AN
4 ARIZONA CORPORATION, FOR A
5 DETERMINATION OF THE CURRENT
6 FAIR VALUE OF ITS UTILITY PLANT
7 AND PROPERTY AND FOR
8 INCREASES IN ITS RATES AND
9 CHARGES BASED THEREON FOR
10 UTILITY SERVICE BY ITS ANTHEM
11 WATER, AGUA FRIA WATER AND
12 ANTHEM/AGUA FRIA WASTEWATER
13 DISTRICTS.

14 IN THE MATTER OF THE
15 APPLICATION OF ARIZONA-
16 AMERICAN WATER COMPANY, AN
17 ARIZONA CORPORATION, FOR A
18 DETERMINATION OF THE CURRENT
19 FAIR VALUE OF ITS UTILITY PLANT
20 AND PROPERTY AND FOR
21 INCREASES IN ITS RATES AND
22 CHARGES BASED THEREON FOR
23 UTILITY SERVICE BY ITS TUBAC
24 WATER DISTRICT.

DOCKET NO. WS-01303A-02-0870

DOCKET NO. W-01303A-02-0908

**ARIZONA-AMERICAN WATER
COMPANY'S BRIEF ON THE
APPLICABILITY OF THE
TIMECLOCK RULES AS SET
FORTH IN A.A.C. R14-2-103(B)(11)**

25 Pursuant to the June 6, 2003 Amended Rate Case Procedural Order in the above-
26 captioned dockets, Arizona-American Water Company ("Arizona-American" or the
"Company") hereby submits its brief on the applicability of the timeclock rules set forth in
A.A.C. R14-2-103(B)(11). Put simply, it is clear from the Commission's rulemaking
decision, Decision 57875 (May 18, 1992), that the timeclock rules are applicable to these
consolidated rate dockets. Indeed, the Commission specifically rejected an interpretation
of the timeclock rules that would make them inapplicable to this consolidated proceeding,
finding that "tariff filings and rate applications of a company's separate rate jurisdictions
are not covered by R14-2-103(B)(11)(g)." Decision No. 57875 at 34.

I. PROCEDURAL BACKGROUND.

On November 22 and December 13, 2002, Arizona-American filed five separate
applications for rate increases covering ten separate water and wastewater operating
systems or districts. The Company's five applications were deemed sufficient by the

1 Commission's Utilities Division's Staff ("Staff") on January 30, 2003. Thereafter, on
2 March 14, 2003, Assistant Chief Administrative Law Judge Nodes (the "ALJ") issued a
3 Rate Case Procedural Order setting forth the applicable deadlines to be adhered to by the
4 parties. In addition, the March 14, 2003 procedural order consolidated Arizona-
5 American's five separate rate relief applications into a single consolidated proceeding.

6 Subsequently, on June 6, 2003, the ALJ issued the Amended Rate Case Procedural
7 Order modifying a number of the applicable deadlines as well as the hearing date pursuant
8 to an agreement reached between the Company and Staff. In the amended order, the ALJ
9 further directed the parties to submit briefs addressing the "issue of the applicability of the
10 timeclock rules set forth in A.A.C. R14-2-103(B)(11), in circumstances where a utility has
11 more than one rate application concurrently pending before the Commission." Amended
12 Rate Case Procedural Order at 3.

13 **II. THE TIMECLOCK RULES ARE APPLICABLE TO THIS**
14 **CONSOLIDATED RATE PROCEEDING.**

15 As referenced above, the current version of the Commission's timeclock rules was
16 adopted in 1992 in Decision No. 57875. At that time, the Commission addressed the same
17 issue raised by the ALJ in the Amended Rate Case Procedural Order. Specifically,
18 A.A.C. R14-2-103(B)(11)(g) provides that the timeclock "shall not be applicable to any
19 filing submitted by a utility which has more than one rate application before the
20 Commission at the same time." Although several utilities sought to eliminate this
21 exception to the timeclock rules, the Commission, adopting the position of Staff, agreed
22 that this provision was "an essential element of the timeclock rule and should be
23 retained." Decision No. 57875 at 34. The Commission reasoned that retention of this
24 provision of the timeclock rules would allow it to ensure proper processing of applications
25 by completing one case within the prescribed time table before turning its attention to
26 "subsequent" rate filings. *See id.* Thus, the Company respectfully asserts that the

1 Commission intended the exception to the timeclock rules carved out by R14-2-
2 103(B)(11)(g) to cover situations where a utility with a pending rate application files a
3 subsequent application concerning the same rates and charges for service already at issue
4 in the prior filing. This appears to logically follow the Commission's specific adoption of
5 Staff's interpretation that "rate applications of a company's separate rate jurisdictions are
6 not covered by this provision." *Id.*

7 In the instant dockets, there is no question that the five applications cover ten
8 separate rate jurisdictions of Arizona-American. Each of the ten districts has different
9 rates, and the rates of one district do not substantially affect or change the rates of another
10 district. In fact, Arizona-American respectfully suggests that applying the timeclock
11 exception in this instance would be contrary to the efficient regulatory process the
12 Commission sought to foster by adoption of the timeclock rules. Decision 57875 at 2-3.
13 This is true because application of R14-2-103(B)(11)(g) would force the Company to file
14 rate case after rate case in a twelve year cycle in order to obtain rate relief for each of its
15 twelve operating water and wastewater districts in Arizona. To make matters worse,
16 under such a scenario, there would be a substantial likelihood that the twelve year delay
17 between rate cases for a particular district would result in multiple emergency filings.
18 This certainly does not appear to be what the Commission envisioned when it adopted the
19 timeclock rules, nor conducive to efficient regulations.

20 **III. R14-2-103(B)(11)(f) AND (g) APPEAR TO CONTAIN INADVERTENT**
21 **TYPOGRAPHICAL OR CLERICAL ERRORS BY REFERRING TO**
22 **SUBSECTION (a) INSTEAD OF SUBSECTION (d).**

23 Based on the foregoing, the assertion of whether subsection (g) of the timeclock
24 rules contains "numbering" errors is moot as the exception to the timeclock rule is not
25 applicable. However, it does appear that subsections (f) and (g) both contain inadvertent
26 references to subsection (a) rather than to subsection (d).

When read *in pari material* with the remainder of the section, subsections (f) and

1 (g) cannot be given any logical meaning if they reference subsection (a). By adopting
2 subsection (f), the Commission intended to extend the 360-day deadline for a final
3 Commission order to account for time spent in hearings on rate filings, mainly because
4 such a hearing postpones the Hearing Division's deliberations and preparation of a
5 decision. Decision No. 57875 at 32. In contrast, subsection (a) addresses the deadline for
6 the issuance of the initial procedural order, an activity occurring well before and
7 unaffected by the amount of hearing days. A similar reasoning would apply to subsection
8 (g), which, while not applicable in the instant proceeding, is unrelated to the timing for
9 issuing procedural orders. Any other conclusion would appear illogical. Therefore, it is
10 impossible not to conclude that subsections (f) and (g) both contain "typographical" errors
11 with respect to the references to subsection (c).

12 **IV. CONCLUSION**

13 Based on the foregoing, Arizona-American respectfully requests that the ALJ
14 conclude that the Commission's timeclock rules, A.A.C. R14-2-103(B)(11), apply to these
15 consolidated rate proceedings. Arizona-American has filed five separate rate applications
16 covering ten separate water and wastewater rate jurisdictions, and the Commission's
17 rulemaking history demonstrates that the exception to the timeclock rule for multiple
18 filings does not apply under such circumstances.

19 DATED this 18th day of June 2003.

20
21
22 By _____

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